

Terna's pilot project on the voluntary qualification to the MSD of 'relevant' production units



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The European Federation of Energy Traders (EFET¹) welcomes the opportunity to provide comments on the pilot project for the voluntary qualification to MSD of 'relevant' units.

In general, considering the recent progressive increase of number and typology of pilot projects, it would be useful if Terna could share a more transparent and organized medium-term strategy to promote the public dialogue regarding the opening of the ancillary services markets to new kinds of participants. This approach would offer a wider vision of the possible technical solutions and investments that market participants could undertake in the future.

EFET supports the enlargement of the range of market participants that can potentially supply balancing and dispatching services. However, we believe that one important consideration has been omitted in the project, that is to say the introduction of negative prices in both energy and balancing markets, following on the measures presented in AEEGSI DCO n. 605/2015. We believe that this particular market design reforms should be rapidly introduced in all GME markets (MGP, MI and MSD), particularly having in mind the (downward) services that renewables could provide to the system.

In particular, without negative prices in the MSD the project risks not to provide a sufficient economic incentive to attract market participants. Hence, while we favour the rapid involvement of RES units in the MSD, the main parallel and complementary market design reforms have to be implemented in parallel.

As additional thoughts:

- we highlight that the introduction of negative prices in the MSD is also fundamental in terms of regulatory harmonization with neighbouring countries in order to ensure the successful achievement of efficient cross-border balancing markets (i.e. see TERRE, MARI and PICASSO projects);
- we agree with applying a single pricing scheme to the imbalances of 'relevant' units under this pilot project. In fact, the EU Balancing Guideline regards single pricing as the preferred option for the imbalance settlement: in light of the Guideline and as part of the imbalance settlement reform in Italy, single pricing will have soon to be extended to all resources, with no exceptions.

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org